

**PUBLIC DISCLOSURE**

July 24, 2002

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BAY STATE SAVINGS BANK**

**28 FRANKLIN STREET  
WORCESTER, MA 01608**

**DIVISION OF BANKS  
1 SOUTH STATION  
BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bay State Savings Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Outstanding"**

Bay State Savings Bank's rating of Outstanding is based upon the following factors:

The bank's loan-to-deposit ratio has averaged 85.4% for the period September 30, 2000, to June 30, 2002. The ratio has increased from an average ratio of 79.0% at the time of the last examination on January 25, 1999. The ratio has been on an upward trend since that time and stands at 87.7 percent as of June 30, 2002. This ratio is an indicator of the bank's willingness and ability to extend credit within its assessment area. Based on the above performance, the bank is determined to exceed the standards for satisfactory performance in this criterion.

A review of the 1999, 2000, 2001 and year to date June 30, 2002 Home Mortgage Disclosure Act (HMDA) data indicates that approximately 76.9 percent of the bank's loans have been made inside the assessment area. In addition, 79.7 percent of the bank's small business loans were made inside the bank's assessment area. Given these figures, the bank exceeds the standards for satisfactory performance.

The distribution of loans to borrowers of different income levels represents a good penetration of borrowers of different income levels within the assessment area. In addition, when compared to all other lenders in the assessment area, the bank's lending to low and moderate-income borrowers exceeded all other HMDA-reporting lenders in 1999 and 2000. An analysis of mortgage originations suggests that 18.7 percent of the total number of originations were to low and moderate-income borrowers. As a result, Bay State Savings Bank was ranked tenth in lending to low-income individuals and twelfth to moderate-income individuals in 2000. In addition, a majority of the bank's small business loans were to small businesses with revenues under a million dollars and in loan amounts less than \$100,000. The bank was found to have a satisfactory performance in this criterion.

The bank's performance in lending to low and moderate-income geographies was considered very good. The bank's percentage distribution of loans exceeded the percentage of owner-occupied properties within low and moderate-income census tracts. The bank's small business lending was also considered very good with 36.9 percent of the loans being originated in low and moderate-income geographies. The bank was found to have exceeded the standards for satisfactory performance in this regard.

Bay State Savings Bank's Fair Lending performance was found to be satisfactory and the institution has received no CRA complaints since the last examination.

At the request of bank management, the bank's community development loans investments and services were also considered. These factors were determined to support the bank's overall rating.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Bay State Savings Bank is a state-chartered mutually owned financial institution incorporated under the laws of the Commonwealth of Massachusetts in 1895. The bank's main office is located at 28-32 Franklin Street, in the center of Worcester, Massachusetts. As of June 30, 2002, assets totaled \$216,022,000 of which 76.6 percent are in the form of loans. While the bank has traditionally been a real estate lender, bank management is committed to increasing its small business lending activity. The bank is a certified Small Business Administration (SBA) lender and has consistently ranked among the top 20 SBA lenders in Massachusetts.

Refer to the following table for additional information on the breakdown of loans.

**Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
One to Four-Family Residential Mortgages	\$109,227	66.0
Commercial Real Estate	\$33,741	20.4
Equity Lines of Credit	\$9,648	5.8
Commercial and Industrial	\$8,768	5.3
Consumer Loans	\$2,176	1.3
Construction and Land Development	\$2,002	1.2
<b>Total Gross Loans</b>	<b>\$165,562</b>	<b>100.0</b>

Source: June 30, 2002 Consolidated Report of Condition.

Bay State Savings Bank is primarily a portfolio lender, though it does sell loans on the secondary market. In 2001, the bank sold 55 loans totaling \$6,283,635. As of July 31, 2002, the bank sold 21 loans totaling \$2,891,407.

Bay State Savings Bank operates five full service offices including its main office located on Franklin Street in Worcester. The bank's main office is located in a low-income census tract. The bank's other four offices are located at 378 Burncoat Street in Worcester, 247 Mill Street in Worcester, 628 Main Street in Holden, and 123 Auburn Street in Auburn. In addition to the full service offices, the bank maintains a branch in the Auburn High School, which is open during the school year only.

Bay State Savings Bank has strong competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Commerce Bank & Trust Company; Flagship Bank, Millbury Savings Bank, Webster Five Cents Savings Bank, Spencer Savings Bank, as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2000 aggregate performance data, indicates 369 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area.

There are no significant financial or legal impediments, which limit the bank's ability to meet the credit needs of the community. The bank's most recent Community Reinvestment Act (CRA) evaluation, performed by the Federal Depositors Insurance Corporation (FDIC) as of January 25, 1999 assigned a rating of "Outstanding". The previous evaluation performed by the Commonwealth of Massachusetts Division of Banks as of September 8, 1997 also assigned a rating of "Outstanding".

A community contact was conducted during the examination and provided relevant information on the assessment area. The contact was conducted in Worcester and included an agency that deals with providing credit and financial services to city employees in the city.

### **Description of Assessment Area**

The bank defines its assessment area as the City of Worcester and the surrounding towns of Auburn, Boylston, Grafton, Holden, Leicester, Oxford, Paxton, Princeton, Rutland, Shrewsbury, Sterling, Sutton, and West Boylston. All of the municipalities are located in the Worcester Metropolitan Statistical Area (MSA).

According to 1990 US Census Data, these fourteen communities have a combined population of 308,688 and a total of 122,117 housing units, with the City of Worcester accounting for over half of the population and over half of the housing units. Housing stock within the assessment area is primarily one-to-four family residential dwellings (79.4%), of which a majority (54.4%) is owner-occupied. There are 113,900 households in the assessment area. A household is defined as all persons occupying a housing unit.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The assessment area consists of 74 census tracts: 6 are (8.1 percent) low-income, 11 are (14.9 percent) moderate-income, 41 are (55.4 percent) middle-income, 14 are (18.9 percent) upper-income, and 2 are (2.7 percent) designated as N/A. The low and moderate-income census tracts are all located in the City of Worcester. The two census tracts designated as N/A and located in Worcester and Grafton were not used to evaluate the bank's performance in this category due to the extremely limited lending potential. The NA census tract in Worcester has only five housing units and contains the campus of Clark University. The NA census tract in Grafton contains no housing units and houses Tufts School of Veterinary Medicine.

The median home value of the assessment area is \$135,088 based on 1990 US Census Data. A more recent figure was obtained using figures from the July 10, 2002 Bankers & Tradesman publication using 24 month sales statistics through May 2002. According to this publication, the median selling price for a home in the assessment area was \$236,019. Prices in the assessment area ranged from a low of \$156,250 in the City of Worcester to a high of \$330,250 in the town of Boylston. Overall, the median prices of homes have increased 18.2 percent in the assessment area versus the same period last year. The City of Worcester saw a 17.6 percent increase in the price of housing, while communities like Boylston and Sterling saw increases of 52.3 percent and 44.4 percent, respectively. Only two communities, Paxton and West Boylston saw a decrease in the prices of homes from 2001 to 2002.

Please refer to the table below regarding other housing characteristics.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>						
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>					
	<b><i>Census Tracts</i></b>	<b><i>House holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner-Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>
<i>Low</i>	8.1	6.8	7.4	1.1	14.7	15.9
<i>Moderate</i>	14.9	15.5	15.9	6.3	28.3	21.7
<i>Middle</i>	55.4	58.2	57.8	65.3	48.9	49.5
<i>Upper</i>	18.9	19.5	18.9	27.3	8.1	12.9
<i>NA</i>	2.7	-	-	-	-	-
<b><i>Total or Median</i></b>	100.0	100.0	100.0	100.0	100.0	100.0

Source: 1990 U.S. Census

The median family income for the Worcester MSA for 1999, 2000, 2001 and 2002 was \$52,600 \$54,400, \$57,000 and \$58,400, respectively. The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

From early 2000 to the present, the assessment area and the entire state have experienced a decline in the economy. As of June 30, 2002, the unemployment rate in the

assessment area was 5.6 percent. The city of Worcester had the highest unemployment rate in the assessment area at 6.5 percent.

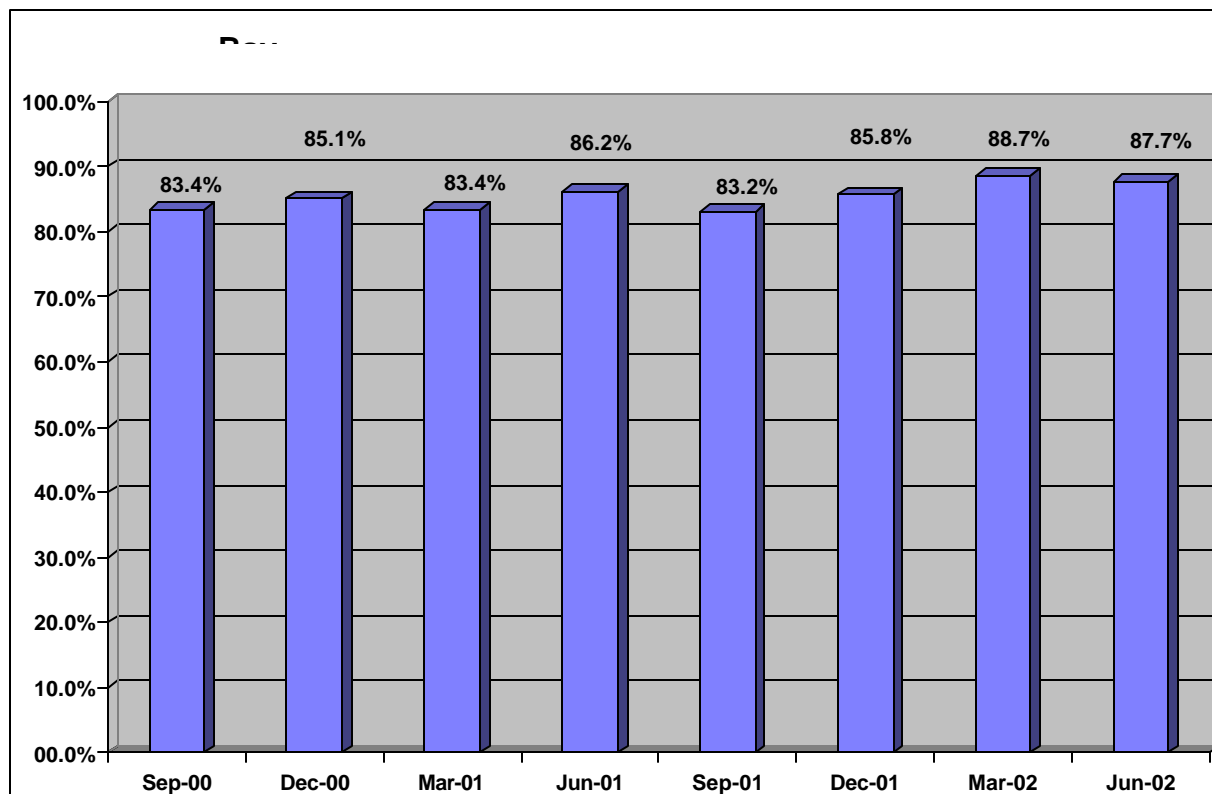
The City of Worcester and the surrounding towns are the locations of biotechnology firms, educational institutions and retail sales outlets. The City of Worcester itself is home to ten area colleges including the University of Massachusetts Medical School, a renowned teaching and trauma center.

The towns within the assessment area have experienced unprecedented growth during the last economic expansion, both in terms of industry and housing. The Rte. 146/Massachusetts Turnpike interchange project, which is to provide a direct route for commuters coming from routes 146 and 290 to the Massachusetts Turnpike, has also been responsible for the expansion being experienced in the Worcester area.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

An analysis of Bay State Savings Bank's net loan-to-deposit ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Deposit Insurance Corporation (FDIC) Call Report data for this institution. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's net loans to total deposits for the quarters September 30, 2000 through June 30, 2002 were reviewed. The bank's average net loan to deposit ratio for this time period was determined to be 85.4 percent. The asset size of the institution has increased from \$183 million as of September 30, 2000, to \$216 million as of June 30, 2002, which represents an 18.0 percent increase. Loan growth has outpaced deposit growth during this time. Net loans increased approximately 19.5 percent, while deposits increased approximately 13.7 percent. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



Bay State Savings Bank's net loan to deposit ratio was compared to the ratios of other area institutions. These institutions varied in asset size from \$129 million for Millbury Savings Bank to \$251 million for Clinton Savings. The ratios used were as of March 31, 2002. These percentages range from a low of 68.4 percent to a high of 89.9 percent. Please refer to the following table for more details.

Refer to the following table for details.

INSTITUTION	ASSETS \$(000)	NET LOAN-TO-DEPOSIT RATIO
Spencer Savings Bank	242,720	89.9%
<b>Bay State Savings Bank</b>	<b>207,751</b>	<b>88.7%</b>
Clinton Savings Bank	251,265	75.9%
Millbury Savings Bank	129,895	72.3%
Athol Savings Bank	225,267	68.4%

Based on the above information and Bay State Savings Bank's capacity to lend, the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the bank's loan to deposit ratio exceeds the standards for satisfactory performance.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

### HMDA Loans

Bay State Savings Bank's 1999, 2000, 2001 and year-to-date June 30, 2002 HMDA/Loan Application Registers (LARs) were reviewed to determine the amount of residential credit extended within the bank's assessment area. During this period, the bank originated 852 HMDA-reportable loans totaling approximately \$107,900,000. Of these loans, 655 loans or 76.9 percent of the number, totaling \$78,409,000, or 72.7 percent of the dollar amount were originated in the bank's assessment area.

By number, Worcester, accounted for the largest number of originations with 40.4 percent, followed by Holden with 6.9 percent. Worcester also accounted for the largest dollar volume of originations with 37.1 percent, followed by Shrewsbury with 7.8 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	202	83.5	20,049	80.1	40	16.5	4,992	19.9
2000	144	67.3	18,465	61.7	70	32.7	11,477	38.3
2001	204	79.7	26,998	77.3	52	20.3	7,936	22.7
2002	105	75.0	12,897	71.7	35	25.0	5,086	28.3
<b>Total</b>	<b>655</b>	<b>76.9</b>	<b>78,409</b>	<b>72.7</b>	<b>197</b>	<b>23.1</b>	<b>29,491</b>	<b>27.3</b>

Source: HMDA/LAR, CRA Wiz

As indicated in the tables above, the majority of loans originated during the examination period were inside the bank's assessment area. The bank's volume of lending is also good for an institution of its size and resources. In 1999, the bank ranked thirteenth in market share with a 1.5 percent share of the market. In 2000, the bank was ranked seventeenth among the 369 HMDA-reporting lenders in its assessment area with a 1.2 percent share of the market. The bank's lending volume increased in 2001, mostly due to refinances as a result of low interest rates.

### Small Business Loans

In addition, a review of the bank's small business loan activity was conducted at management's request. A small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or



commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions.” The bank originated 177 small business loans totaling \$29,717,743 million during this period. A total of 141 loans totaling \$22,698,643 million were originated to businesses within the bank’s assessment area, representing 79.7 percent by number and 76.4 percent by dollar volume. Refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

<b>Distribution of Small Business Loans Inside and Outside of the Assessment Area</b>								
<b>Year</b>	<b>Inside</b>				<b>Outside</b>			
	<b>Number of Loans</b>		<b>Dollar in Loans (000s)</b>		<b>Number of Loans</b>		<b>Dollars in Loans (000s)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
1999	23	82.1	2,023	83.6	5	17.9	398	16.4
2000	44	81.5	7,184	78.0	10	18.5	2,032	22.0
2001	43	79.6	9,030	82.5	11	20.4	1,919	17.5
2002	31	75.6	4,462	62.6	10	24.4	2,670	37.4
<b>Total</b>	<b>141</b>	<b>79.7</b>	<b>22,699</b>	<b>76.4</b>	<b>36</b>	<b>20.3</b>	<b>7,019</b>	<b>23.6</b>

Source: CRA Data Collection

Based on the above information, it is evident that a large percentage of the number and dollar amount of the bank’s residential mortgage loan originations and small business loans has been extended within its assessment area. Therefore, the institution’s level of lending within its assessment area exceeds the standards for satisfactory performance.

### **3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS**

#### **HMDA Loans**

The bank’s residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers’ reported incomes were compared to the median family incomes for the Worcester MA Metropolitan Statistical Areas. The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households within the assessment area in each respective income group.

Distribution of HMDA Loans by Borrower Income											
Median Family Income Level	% Total House holds	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Low	25.4	9	4.5	11	7.6	8	3.9	0	0.0	28	4.3
Moderate	15.4	30	14.9	31	21.6	23	11.3	10	9.5	94	14.4
Middle	20.0	72	35.6	38	26.4	53	26.0	29	27.6	192	29.3
Upper	39.2	91	45.0	53	36.8	109	53.4	66	62.9	319	48.7
NA	-	0	0.0	11	7.6	11	5.4	0	0.0	22	3.3
<b>Total</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>144</b>	<b>100.0</b>	<b>204</b>	<b>100.0</b>	<b>105</b>	<b>100.0</b>	<b>655</b>	<b>100.0</b>

Source: U.S. Census, HMDA LAR

The bank extended 28 loans to low-income borrowers representing 4.3 percent of total loans within the assessment area. These loans represent 2.6 percent, by dollar amount, of the total loans originated within the assessment area during this period. This is well below the 25.4 percent of low-income households within the assessment area. However, mitigating factors that may contribute to this disparity include the percentage of people living below the poverty level for whom home-ownership opportunities are limited.

In addition, the bank extended 94 loans to moderate-income borrowers, representing 14.4 percent by number. These loans represent 10.5 percent by dollar amount of the bank's total originations and purchases within its assessment area. The number of loans is slightly below the 15.4 percent of moderate-income households within the assessment area.

The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions, and mortgage companies. The most recent years for this comparison are 1999 and 2000. The distribution of the bank's residential loans to low-income borrowers in 1999 is slightly above that of all other HMDA-reporters within the assessment area. The bank originated 4.5 percent of its loans to low-income borrowers while the aggregate originated 4.1 percent of its loans to low-income borrowers. By dollar amount, the bank originated 3.0 percent to low-income borrowers versus the aggregate, which originated 2.3 percent.

HMDA-reportable loans for 1999 to moderate-income borrowers accounted for 14.9 percent by number and 12.6 percent by dollar amount within the assessment area. Both number and dollar amount are comparable to that of the aggregate.

The following table shows the bank's distribution of loans among various income levels compared to that of all other HMDA-reportable lenders for calendar year 2000.

Distribution of HMDA Reportable Loans Bay State Savings Bank Compared to All Other Reporters								
Median Family Income Level	Number of Loans				Dollar Amount of Loans			
	Bay State Savings Bank		All Other Reporters		Bay State Savings Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	11	7.6	467	4.0	836	4.5	28,737	2.2
Moderate	31	21.6	1,744	14.8	2,137	11.6	145,046	10.9
Middle	38	26.4	2,805	23.8	4,224	22.9	287,202	21.5
Upper	53	36.8	4,085	34.6	7,797	42.2	597,847	44.7
NA	11	7.6	2,705	22.8	3,471	18.8	277,291	20.7
<b>Total</b>	<b>144</b>	<b>100.0</b>	<b>11,806</b>	<b>100.0</b>	<b>18,465</b>	<b>100.0</b>	<b>1,336,123</b>	<b>100.0</b>

Source: HMDA LAR, 2000 HMDA Aggregate Data

As shown above, the bank's percentage of lending to borrowers of low-income is above the aggregate by number and dollar amount for 2000. The bank originated 7.6 percent by number and 4.5 percent by dollar amount of the total loans within the assessment area to low-income borrowers, compared to the aggregate with 4.0 percent by number and 2.2 percent by dollar amount.

HMDA-reportable loans for 2000 to moderate-income borrowers accounted for 21.6 percent by number and 11.6 percent by dollar amount within the assessment area. Both number and dollar amount exceed the aggregate.

During 2000, the bank ranked 10<sup>th</sup> in lending to low-income borrowers in the assessment area and ranked 12<sup>th</sup> in lending to moderate-income borrowers. The distribution of HMDA-reportable loans by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

### Small Business Loans

The small business loans originated within the bank's assessment area were further analyzed to determine the typical loan amount at origination. The majority of the 141 small business loans (51.1%) originated in the bank's assessment area, during this time period, had original loan amounts of \$100,000 or less. The following table depicts the distribution of small business loans within the bank's assessment area by loan amount at origination.

Distribution of Small Business Loans by Loan Size \$(000)								
Year	<\$100		\$100-\$250		>\$250-\$1,000		Total	
	#	%	#	%	#	%	#	%
1999	18	78.3	3	13.0	2	8.7	23	100.0
2000	26	59.1	11	25.0	7	15.9	44	100.0
2001	16	37.2	14	32.6	13	30.2	43	100.0
2002	12	38.7	17	54.8	2	6.5	31	100.0
<b>Total</b>	<b>72</b>	<b>51.1</b>	<b>45</b>	<b>31.9</b>	<b>24</b>	<b>17.0</b>	<b>141</b>	<b>100.0</b>

Source: CRA Data Collection

By dollar amount, 14.3 percent of the loans had amounts less than \$100,000 and 30.3 percent had loan amounts between \$100,000 and \$250,000. The remaining 55.4 percent had loan amounts greater than \$250,000.

Small business loans originated within the bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses, whose annual revenues were \$1 million or less. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

Distribution of Small Business Loans by Gross Annual Revenues of Business \$(000)								
Year	<=\$1,000		>\$1,000		Unknown		Total	
	#	%	#	%	#	%	#	%
1999	19	82.7	3	13.0	1	4.3	23	100.0
2000	31	70.5	12	27.3	1	2.2	44	100.0
2001	33	76.7	7	16.3	3	7.0	43	100.0
2002	23	74.2	7	22.6	1	3.2	31	100.0
<b>Total</b>	<b>106</b>	<b>75.2</b>	<b>29</b>	<b>20.6</b>	<b>6</b>	<b>4.2</b>	<b>141</b>	<b>100.0</b>

Source: CRA Data Collection

As shown above, 75.2 percent of the bank's small business loans were made to businesses with gross annual revenues under a million dollars and by dollar amount, 67.7 percent went to those same businesses.

Based on the information above, the bank's lending to borrowers of different income levels, especially those of low and moderate-income, and businesses of various sizes with small business loans, especially the very small business loans reflects good performance. The bank is considered to have a satisfactory performance in this criterion.

#### 4. GEOGRAPHIC DISTRIBUTION

##### HMDA Loans

HMDA-reportable loans located within the bank's assessment area were further analyzed to determine the location by census tract income level. The assessment area is comprised of 74 census tracts: 2 or 2.7 percent are designated as NA; 6 or 8.1 percent as low-income; 11 or 14.9 percent as moderate-income; 41 or 55.4 percent as middle-income and 14 or 18.9 percent as upper-income.

The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also

shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

Distribution of HMDA Loans by Income Category of the Census Tract											
Census Tract Income Level	% Total Owner-Occupied Housing Units	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Low	1.1	3	1.5	3	2.1	7	3.4	2	1.9	15	2.3
Moderate	6.3	16	7.9	20	13.9	7	3.4	1	1.0	44	6.7
Middle	65.2	122	60.4	86	59.7	136	66.7	70	66.7	414	63.2
Upper	27.4	61	30.2	35	24.3	54	26.5	32	30.4	182	27.8
<b>Total</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>144</b>	<b>100.0</b>	<b>204</b>	<b>100.0</b>	<b>105</b>	<b>100.0</b>	<b>655</b>	<b>100.0</b>

Source: U.S. Census, HMDA LAR

The above table shows that the bank made 2.3 percent of its loans in low-income census tracts and 6.7 percent of its loans in moderate-income census tracts. This performance slightly exceeds the 1.1 percent and 6.3 percent of owner-occupied housing units located in the low and moderate-income geographies respectively.

The geographic distribution of the bank's loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. The most recent data available for this analysis relates to calendar years 1999 and 2000.

The distribution of the bank's residential loans to low-income census tracts in 1999 is slightly below that of all other HMDA-reporters within the assessment area. The bank originated 1.5 percent of its loans in low-income areas while the aggregate originated 1.8 percent of its loans in low-income geographies. By dollar amount, the bank originated 1.1 percent in low-income geographies versus the aggregate, which originated 1.3 percent.

HMDA-reportable loans for 1999 to moderate-income census tracts accounted for 7.9 percent by number and 4.7 percent by dollar amount within the assessment area. Both number and dollar amount are above that of the aggregate, which originated 6.4 percent by number and 4.5 percent by dollar amount.

The following table shows the bank's distribution of loans among various income levels compared to that of all other HMDA-reportable lenders for calendar year 2000.

Distribution of HMDA Reportable Loans Bay State Savings Bank Compared to All Other Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Bay State Savings Bank		All Other Reporters		Bay State Savings Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	3	2.1	266	2.3	363	2.0	37,923	2.8
Moderate	20	13.9	987	8.4	2,512	13.6	85,487	6.4
Middle	86	59.7	7,645	64.7	8,827	47.8	786,133	58.8
Upper	35	24.3	2,905	24.5	6,763	36.6	426,378	31.9
NA	-	-	3	0.1	-	-	202	0.1
<b>Total</b>	<b>144</b>	<b>100.0</b>	<b>11,806</b>	<b>100.0</b>	<b>18,465</b>	<b>100.0</b>	<b>1,336,123</b>	<b>100.0</b>

Source: 2000 HMDA Aggregate Data

As shown above, Bay State Savings Bank originated a slightly lower percentage of loans than the aggregate by number and dollar amount in the low-income census tracts. By number, the bank originated 2.1 percent of its loans in low-income areas while the aggregate originated 2.3 percent in low-income areas. By dollar amount, Bay State Savings Bank originated 2.0 percent while the aggregate originated 2.8 percent.

The bank originated a substantially higher percentage of loans than the aggregate in moderate-income areas. By number, the bank originated 13.9 percent of its loans in moderate-income areas while the aggregate originated 8.4 percent in moderate-income areas. By dollar amount, Bay State Savings Bank originated 13.6 percent while the aggregate originated 6.4 percent.

### Small Business Loans

Bay State Savings Bank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area.

The following tables depict this distribution.

Distribution of Small Business Loans by Income Category of the Census Tract										
Census Tract Income Level	1999		2000		2001		2002		Total	
	#	%	#	%	#	%	#	%	#	%
Low	5	21.7	5	11.4	11	25.6	10	32.3	31	22.0
Moderate	1	4.4	10	22.7	5	11.6	5	16.1	21	14.9
Middle	14	60.9	22	50.0	21	48.8	12	38.7	69	48.9
Upper	3	13.0	7	15.9	6	14.0	4	12.9	20	14.2
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>141</b>	<b>100.0</b>

Source: U.S. Census, HMDA LAR

As shown above, 22.0 percent and 14.9 percent of the small business loans were made in low and moderate-income census tracts. This distribution demonstrates the bank's commitment to making business credit available in low and moderate-income geographies.

Based on the analysis of the geographic distribution of HMDA-reportable loans and small business loans, the bank has successfully penetrated census tracts of different incomes and has dispersed loans in a manner consistent with the demographics of the assessment area. The bank also exceeded the aggregate in lending in moderate-income census tracts. Thus, its performance in this criterion is considered to exceed satisfactory standards.

### Community Development Lending

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

During the examination period, Bay State Savings Bank originated three loans totaling \$585,000 that meet the definition of Community Development Loans. In addition, the bank is currently committed to making five community development loans for \$1.5 million. The following describes the Community Development Loans originated during the period under review.

In 1999, the bank provided a \$225,000 construction and renovation loan to a CDC to support the "Harrison Street Initiative." The project produced six units of affordable housing designated specifically for low and moderate-income homebuyers. The units are a combination of renovated multi-families and new housing.

In 2000, the bank provided a \$200,000 construction permanent loan and renovation financing for One Allendale Street, a 15-unit apartment building that resulted in rental units for low and moderate-income individuals. The building is located in the Main South Neighborhood of Worcester, a traditionally depressed economic area. This loan was also HMDA reportable and qualified as a community development loan.

During 2001, the bank funded a \$160,000 construction loan to a CDC. This project provided 10 affordable housing units, five to low and moderate-income homebuyers and five affordable rental units.

### **Innovative or Flexible Lending Practices**

Bay State Savings Bank designs and participates in loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. The bank's innovative and/or flexible lending practices extensively serve the assessment area's credit needs. Details of these programs are as follows.

***MHFA First Time Homebuyer Program:*** Bay State Savings Bank currently offers a first time homebuyer program through the Massachusetts Housing Finance Agency. The program guidelines include below market interest rates, reduced down payment, and flexible underwriting. In 1999, the bank originated 37 loans totaling \$2,996,395. During 2000, the bank originated 22 loans totaling \$2,169,945. In 2001, the bank originated 14 loans totaling \$1,610,614. As of August 2, 2002, the bank originated 7 loans totaling \$778,150.

***MHFA Septic Repair Loan Program:*** The bank participates in this statewide program to offer financial help to homeowners who need to repair a failed septic system. A failed system must be updated to meet Title V requirements. In association with the Department of Environmental Protection, the Massachusetts Department of Revenue, and the Massachusetts Housing Finance Agency, below market rates are available. To qualify, the property must be an owner-occupied, 1-4 family residential property. An appraisal is not required, and up to 50 percent of the borrower's debt-to-gross income is allowed. The loan amount ranges from \$1,000 to \$25,000 at rates of 0, 3, or 5 percent for a term of three to twenty years. Bay State Savings Bank underwrites the loan, prepares the loan documentation, closes the loan, and deposits the funds into an escrow account which is then disbursed upon receipt of Certificate of Completion and Compliance. The loans are then sold to MHFA. In 1999, the bank originated 25 loans totaling \$476,231. In 2000, the bank originated 11 loans totaling \$157,464. In 2001, the bank originated 2 loans totaling \$34,000. No loans have closed under this program in 2002.

***MHFA Lead Paint Abatement Program:*** Bay State Savings Bank participates in the "Get the Lead out Program" which is a 0% deferred payment loan designed for low and moderate-income borrowers for lead paint removal. This program is also extended to



investors whose tenants are income eligible and has a payback term of up to 20 years at a 3% interest rate. In 1999 the bank closed 3 loans totaling \$41,777. In 2000, the bank originated 4 loans totaling \$51,319. In 2001, the bank originated 1 loan totaling \$4,000.

***MHFA Home Improvement Loan Program:*** This program offers loan amounts of \$2,500 to a maximum of \$15,000, with terms of six months to fifteen years. The loans may be used for the following purposes: to improve an individual sewage disposal system; to enhance basic living conditions, safety or energy efficiency, bring a home up to local or state building codes, and to install heating and hot water systems. The loan program has the following MHFA income limits: \$46,000 for households with one or two people and \$52,000 for households with three or more people. In 2000, the bank originated 4 loans totaling \$36,925 under this program.

***Small Business Administration's (SBA) 7A Program:*** The 7(a) program provides start-up costs to new small businesses. Under this loan program, the bank funds the entire loan with a guarantee from the SBA. The maximum guarantee percentage (75% to 80%) varies depending on the use of the loan proceeds. The bank granted 5 loans totaling \$1,148,000 in 1999. In 2000, the bank originated 3 loans totaling \$ 377,000. In 2001, the bank granted 1 loan totaling \$208,000. As of August 2, 2002, the bank granted 2 loans totaling \$600,000.

***Small Business Administration Low/Doc Program:*** The Small Business Administration (SBA) Low/Doc Program provides SBA guarantees on privately made small business loans of \$100,000 or less. A one-page SBA application is required. The program focuses primarily on a borrower's character, credit and business experience. The bank originated 13 loans totaling \$357,636 in 1999. In 2000, the bank made 4 loans totaling \$237,000. In 2001, the bank granted 2 loans totaling \$220,000. As of August 2, 2002, the bank originated 1 loan totaling \$30,000. During the examination, the bank originated 20 loans totaling \$844,636 under this program.

***Massachusetts Capital Access Program (CAP):*** The Massachusetts Business Development Corporation administers the CAP. The purpose of the program is to increase banks' flexibility in originating loans to small businesses, especially to those businesses that may not qualify under normal loan underwriting policies. "Pooled reserve" accounts are established at each participating bank from funds contributed by the bank, the borrower, and the State of Massachusetts. The bank can draw down these accounts to absorb losses incurred on qualifying small business loans enrolled in the CAP. To participate in the program a loan must be made to a qualifying small business based in Massachusetts, the business must have annual sales of less than \$5 million, and the loan amount generally may not exceed \$500,000. In 2000, the bank originated 11 loans totaling \$522,463. In 2001, the bank originated 6 loans totaling \$773,000. As of August 2, 2002, the bank made 1 loan totaling \$20,000.

## **5. FAIR LENDING POLICES AND PRACTICES**

A review of the bank's public comment file indicated that the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The bank's policies and practices were evaluated to determine their conformance to Regulatory Bulletin 2.3-101 the Division's Fair Lending Policy

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding technical requirements pertaining to fair lending, as well as an understanding of unintentional discrimination and quality of assistance. The bank employs 63 full time and 13 part time employees of whom 8 are minorities. There are 4 employees who speak foreign languages including Spanish and French.

The bank's staff volunteer their time to a variety of area organizations in need of their training and expertise. Bay State Savings Bank markets its services and products to the community through a variety of media including print, radio, billboards, and through the Internet. Seminars are also conducted in order to inform potential customers of the services the bank provides.

### **Minority Application Flow**

A review of the institution's minority application flow was conducted. Bay State Savings Bank's assessment area contains 308,688 individuals, 31,884 or 10.3 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 1.9 percent Asian, 2.5 percent Black, 5.6 percent Hispanic and 0.1 percent Other.

The bank's minority application flow for this review period was compared with the racial make-up of the assessment area. The bank received 885 residential loan applications from within its assessment area, of which 69 applications or 7.8 percent were from minorities. Of the 69 applications received, 42 or 60.9 percent resulted in originations. In comparison to the demographics of the assessment area, the bank's minority application flow falls below the representative percentage of minorities within the assessment area.

Refer to the following table for further details.

MINORITY APPLICATION FLOW										
RACE	1999		2000		2001		Y-T-D 2002		TOTAL	
	#	%	#	%	#	%	#	%	#	%
<i>Native American</i>	0	0.0	1	0.5	0	0.0	0	0.0	1	0.1
<i>Asian</i>	8	2.9	4	1.9	5	1.9	2	1.4	19	2.1
<i>Black</i>	4	1.5	5	2.4	1	0.4	1	0.7	11	1.2
<i>Hispanic</i>	1	0.4	16	7.6	7	2.7	3	2.1	27	3.1
<i>Joint Race</i>	2	0.7	3	1.4	2	0.8	0	0.0	7	0.8
<i>Other</i>	0	0.0	4	1.9	0	0.0	0	0.0	4	0.5
<b>Total Minority</b>	<b>15</b>	<b>5.5</b>	<b>33</b>	<b>15.7</b>	<b>15</b>	<b>5.8</b>	<b>6</b>	<b>4.2</b>	<b>69</b>	<b>7.8</b>
<i>White</i>	249	91.2	172	81.9	241	92.7	135	95.1	797	90.1
<i>NA</i>	9	3.3	5	2.4	4	1.5	1	0.7	19	2.1
<b>Total</b>	<b>273</b>	<b>100.0</b>	<b>210</b>	<b>100.0</b>	<b>260</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	<b>885</b>	<b>100.0</b>

\*Source: CRA Wiz Software.

The application flow was further compared to the 1999 and 2000 aggregate data for all other HMDA reporters within the assessment area. Bay State Savings Bank's minority application flow when compared to the other lenders within the assessment area falls below the 1999 aggregate. However, in 2000, the bank's minority application flow is significantly above the aggregate.

MINORITY APPLICATION FLOW*								
Race	Aggregate Data 1999		Aggregate Data 2000		Bay State Savings Bank 1999		Bay State Savings Bank 2000	
	#	%	#	%	#	%	#	%
<i>Native American</i>	38	0.2	27	0.1	0	0.0	1	0.5
<i>Asian</i>	462	2.3	445	2.4	8	2.9	4	1.9
<i>Black</i>	293	1.4	378	2.1	4	1.5	5	2.4
<i>Hispanic</i>	429	2.1	528	2.9	1	0.4	16	7.6
<i>Joint</i>	188	0.9	184	1.1	2	0.7	3	1.4
<i>Other</i>	180	0.9	168	0.9	0	0.0	4	1.9
<b>Total Minority</b>	<b>1,590</b>	<b>7.8</b>	<b>1,730</b>	<b>9.5</b>	<b>15</b>	<b>5.5</b>	<b>33</b>	<b>15.7</b>
<i>White</i>	12,669	62.2	9,591	52.5	249	91.2	172	81.9
<i>NA</i>	6,102	30.0	6,935	38.0	9	3.3	5	2.4
<b>Total</b>	<b>20,361</b>	<b>100.0</b>	<b>18,256</b>	<b>100.0</b>	<b>273</b>	<b>100.0</b>	<b>210</b>	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

Based upon the above data, Bay State Savings Bank's Minority Application Flow appears to be satisfactory.

## QUALIFIED INVESTMENTS AND SERVICES

At the bank's request, investments and services were included in this evaluation in consideration for an "Outstanding" rating. This category evaluates the bank's performance in delivering financial services, providing community development services, and supporting organizations, which provide services or promote community development. Consideration is given to community needs, development opportunities, and the banks operating capacity. To qualify for consideration under the CRA Regulation, the service or investment must have "community development" as its primary purpose. Generally, "community development" is defined as promoting or revitalizing economically depressed or low- or moderate-income areas, or benefiting low- or moderate-income individuals. Community development services must relate to the provision of financial services.

### INVESTMENT TEST

#### Qualified Investments

The bank is a member of the Massachusetts Business Development Corporation (MBDC). The MBDC promotes economic development and provides access to capital for small business owners through a variety of different programs. As a requirement of membership, the bank commits a percentage of its capital to fund loans made by MBDC. In 2001, the bank invested \$69,319. In 2002 the bank invested \$110,910 bringing the total investment to \$180,229.

#### Charitable Donations

From January 1999 through August 2002, the bank's donations to organizations that meet the definition of community development totaled \$54,135. The following is a sample of the organizations, which benefited from the bank's contributions. These organizations promote affordable housing, provide services to low- and moderate-income geographies and individuals, or provide technical and financial support to small businesses. The level and diversity of contributions is very good considering the bank's size and operating capacity and further support the bank's overall rating. The level of contributions and the organizations they support are indicative of the bank's commitment to the low- and moderate-income areas and individuals within the bank's assessment area.

**Centro Las Americas:** This is organization provides social and economic development services to Worcester's Latino community, which includes many low-income individuals. A sample of its services includes a food bank, referral service information, English as second language, health services and promoting "stay in school" programs. literacy, economic literacy, adolescent health, violence prevention, and sports participation.

**Center for Women & Enterprise (CWE):** This non-profit organization's mission is to assist women in becoming economically self-sufficient and prosperous in business. CWE offers education, training classes, technical assistance, women's business certification, and access to both debt and equity capital to female entrepreneurs at every stage of business development. Its clients are drawn from a wide range of racial, ethnic, and socio-economic backgrounds, spanning the spectrum from women living on public assistance to women running substantial corporations.

**Worcester Common Ground:** This is an affordable housing agency, which is involved in revitalizing the most distressed areas of Worcester. These projects are a combination of rental housing rehabilitation and home ownership opportunities.

**The Worcester East Side CDC:** The East Side CDC provides general economic development with a focus on providing affordable housing for residents of Worcester's East Side. The East Side CDC's projects include: reducing neighborhood blight, preserving current housing stock, increasing the availability of quality home ownership opportunities and promoting the activities of new and existing businesses.

**Girls Inc.:** Girls Inc. develops research-based informal education programs that encourage girls to take risks and master physical, intellectual and emotional challenges. Major programs address math and science education, pregnancy and drug abuse prevention, media

## **SERVICES**

The bank's effectiveness in developing and delivering retail banking service and the level and degree of innovativeness of its community development services support the bank's overall rating.

### **Retail Services**

#### **Basic Banking Programs**

Bay State Savings Bank participates in the Massachusetts Community Banking Council's Basic Banking Program. The bank currently offers a free checking account, under which there are no service charges, monthly fees or minimum balance requirements. This product is offered to all customers. In addition, the bank offers a basic savings account with a monthly fee of \$10.00 if the minimum balance falls below \$200. The bank also offers ETA accounts for recipients of government benefits to encourage them to utilize direct deposit for government checks. The monthly fee on this account is \$3.00

## COMMUNITY DEVELOPMENT SERVICES

CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Through the participation of bank management and its employees the bank is involved in providing support to local community development programs and projects. Through these involvements, the bank's staff lends their technical expertise, experience and judgment to these organizations. Detailed below are Bay State Savings Bank's qualified community development services.

***Comprehensive Economic Development Strategy Committee (CEDS):*** CEDS creates a strategic plan for economic development opportunities in the greater Worcester area. CEDS works in conjunction with the Chamber of Commerce, the City of Worcester and the Central Mass Regional Planning Commission. The President of the bank serves on this committee.

***Accion, USA:*** Accion is a micro-lender that provides small business loans of up to \$15,000. This organization provides loans to businesses that only need to borrow small amounts or are not eligible for bank financing. The Assistant Vice-President and CRA Officer has served on the credit committee since October 2001.

***Center for Women and Enterprise:*** This program provides counseling and training for women who would like to start their own business or to grow an existing business. An Assistant Vice President and CRA Officer served several times during the examination period on a finance panel for the Fast Track Program that prepares women to start their own businesses.

***Chamber of Commerce:*** An Assistant Vice President and CRA Officer serves on the planning committee for the Women's Information Network (WIN). WIN provides an opportunity for female entrepreneurs and businesswomen to develop contacts and business opportunities within the Worcester area.

***Martin Luther King, Business Empowerment Center (MLK):*** The MLK Center is a non-profit business information center for low-income minority clients. They provide business development services, small businesses incubation and pre-employment training. They also house the SBA's Business information Center since its inception. The bank is part of the loan consortium that funded the start up of the Center and is still an active participant. An Assistant Vice President serves on the Board of Directors.

***National Conference for Community and Justice (NCCJ):*** NCCJ works with individuals of diverse backgrounds to create communities of justice where all people are treated with respect and understanding through advocacy, conflict resolution and education. The bank's Director of Human Resource serves on the regional Board of Directors and is a member of the Programming Strategies Committee.

***Oak Hill Community Development Corporation:*** This is a non-profit organization that seeks to empower the residents of their service area to revitalize neighborhoods and improve the quality of life. They provide economic development counseling through their resource center, community outreach services and rehabilitation/construction of housing. An Assistant Vice President and CRA Officer serves on the Board of Directors and is the Treasurer. A consumer loan officer also serves on the loan committee for this organization.

***Pernet Family Services:*** This is a neighborhood based home health and social service agency serving low and moderate-income families in the Worcester area. They provide in home nursing care, early intervention services, and family support services to help families become more independent and self-sufficient. A Vice President of the bank serves on the Board of Directors and on its Finance committee.

***The Worcester East Side CDC:*** The East Side CDC provides general economic development with a focus on providing affordable housing to residents of Worcester's East Side. A bank Senior Vice President serves on the Board of Directors.

***United Way of Central Massachusetts:*** A Vice President of the bank serves on the Allocation Committee and is a Community Trustee for the United Way of Worcester.

***Worcester Common Ground:*** This is an affordable housing agency that is involved in revitalizing the most distressed areas of Worcester. A mortgage officer of the bank serves on the rental arbitration committee.

***Age Center of Worcester:*** Several bank employees assist local elderly residents with bill paying and balancing checkbooks.

## **EDUCATIONAL SEMINARS AND SERVICES**

### ***School Banking Programs:***

The bank maintains a full service branch office in the Auburn High School that is operated by students under the direction of a bank employee. Several of the bank's Branch Managers participate in the "Smart Savers" program. This program is directed towards children under the age of 19. The Smart Saver Passbook Account features a signing up bonus of \$2.00 and an annual bonus of \$5.00 deposited into the account if the account holder makes at least 25 deposits of \$1.00 or more during the year. The Smart Saver Term Deposit Account offers a lower initial deposit of \$250.00 instead of the standard \$1,000.00. A smart Saver Plus Term Deposit Account is also offered to parents, grandparents, and guardians of Smart Saver participants. This program has

been established at the Wawecus School, Worcester Arts Magnet School and the Mill Swan School, all located in Worcester and the Dawson School located in Holden.

Bay State participates in the “Savings Makes Sense” program created by the Commonwealth of Massachusetts. Through this program, bank representatives periodically visit 14 elementary schools in its assessment area and encourage young people to begin saving.

### ***Money Smart Seminar***

The bank has established a training team to sponsor financial education workshops. This adult education program was initially created by the FDIC to help adults outside the financial mainstream enhance their money skills and create positive banking relationships. The Money Smart curriculum helps individuals build financial knowledge, develop financial confidence, and use banking services effectively. The bank has completed two Money Smart seminars at Oak Hill Community Development Corp in 2001 and at Pernet Family Services in 2002.

### ***Home Buyer Seminars***

The bank participated in 13 Home Buyers seminars during the current examination period. Several of these seminars were held at the bank’s branch offices as well as at the Oak Hill CDC, the Worcester Police Department, Worcester Community Housing Resources and Friendly House. Issues discussed in these seminars include an overview of the home buyer process, applying and qualifying for mortgages, legal aspects of purchase and sales agreements, professional home inspections, accessing down payment assistance/rehab loans and landlord/tenant counseling.



# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **BAY STATE SAVINGS BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 24, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office).

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.